

# Utilities cut rate requests

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Rocky Mountain Power and Questar Gas said Monday that they are lowering their requests for rate hikes, following a ruling from the state Public Service Commission.

The commission three weeks ago ordered the utilities to resubmit their rate-increase applications using new parameters. The commission's decision prompted Rocky Mountain Power to drop its rate request by 38 percent and Questar Gas to reduce its request by 19 percent.

Rocky Mountain Power in December had asked for a \$161 million rate increase, and Questar had requested a \$27 million increase. Rocky Mountain Power now has scaled back to a request for a \$100 million increase, while Questar Gas now wants a \$22 million rate hike.

In their individual filings, each utility had requested that the commission set rates based on a "future test year," which is an estimate of expenses and revenues of any one-year period, according to Questar spokesman Chad Jones.

"We usually select a 12-month period in the future that we think reflects the period that rates will be in effect," said Jones.

But he said the Public Service Commission wanted to look at an actual 12-month period, so the commission selected a historical test year.

Commission legal consultant Sandy Mooy declined to comment Monday on the commission's actions because the rate hikes are pending. He referred the Deseret Morning News to the commission's Web site.

Questar Gas had originally asked for a 7 percent rate increase that would go into effect by August. If approved, the increase would have meant a \$27 million annual hike that would have cost the typical residential customer \$3.92 more per month on their natural-gas bill.

The request now has been reduced to \$22.16 million, which would cost the typical residential customer about \$3.20 more per month.

Jones said the impetus for this latest general rate-hike request is to pay for replacement of transmission lines over the next five years. He said general rate cases adjust rates to reflect changes in the company's non-gas, operating costs. The requests for rate changes usually occur every few years, but that may change because of the commission's decision to peg rate requests on historical test years.

"Choosing a test year that doesn't go out very far most likely means we'll be forced to go back to file another rate increase request sooner than we have in the past," Jones said.

The commission in previous years has approved far less than Questar has requested, he said.

"In our last three general rate cases, we started out with a \$23 million rate increase request in 2002 and got approved for \$11.2 million," Jones said. "In '99, we asked for \$22.2 million and ended up getting \$13.5 million, and in 1995, we asked for \$9.6 million and received \$3.7 million."

For Rocky Mountain Power, the rate hike would be the third in as many years. The utility company's December request of an 11.3 percent rate increase would have cost a typical residential customer an additional \$4.50 per month.

Following the PSC's order, Rocky Mountain Power reduced the request to about \$100 million, which would add about \$2.20 to the typical monthly residential electric bill, according to Rocky Mountain Power spokesman Jeff Hymas.

In December 2006, Rocky Mountain Power received a rate increase of 9.95 percent, and in March 2005, the utility received a 4.4 percent rate hike.

Hymas said the major factors driving the request are the growing demand for electric service and the rising cost of generating and purchasing electricity. He said the utility's customer base has grown by 16 percent since 2000, with the typical residential customer today using about 26 percent more electricity than they did 20 years ago.

The company said having to lower its rate-hike request so dramatically will probably have consequences in the not-so-distant future.

"It increases the likelihood that we would have to request an additional increase sooner than we would otherwise have to," Hymas said. E-mail: [jlee@desnews.com](mailto:jlee@desnews.com)

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